

Other General Fund Revenue

All Other Revenue
Highway Patrol Fines
Nursing Facilities Fee
Public Institution Reimbursements
Tobacco Settlement



Legislative Fiscal Division



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Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Revenue Description: There are a number of other taxes, fees, and fines that historically have generated less than \$2.5 million each in annual general fund revenue. In addition, the statutes governing these miscellaneous taxes, fees, and fines are frequently changed, making meaningful comparison between tax years impractical and accurate estimation of the revenue difficult.

“All Other Revenue” sources are estimated in aggregate except for the following: reimbursements for tax credit (enacted by the 2005 legislature in House Bill 667), court automation surcharge (enacted by the 2005 legislature in House Bill 536), investment license transfers, liquor license fee transfers, civil fines, single state registration system fees, lodging facility use tax, Montana University System debt service deposits, transfer of excess cigarette tax revenue in the veterans account administered by DPHHS, deposits by state agencies for SWCAP/ SFCAP, district court fees, BOI reimbursement of State Street Banking fees, transfers of excess coal tax revenue in the shared account, and transfers excess over \$2.0 million from the veterans’ cigarette tax account. In the past, wildfire cost reimbursements had been included in the revenue source, but beginning in fiscal 2003 they are now deposited to the federal special revenue fund.

One-time revenue adjustments were added in fiscal 2005 for: Transfer of money from DOJ motor vehicle information technology system account as authorized in SB 493 - \$3,300,000, and cost reimbursements from the NorthWestern Energy bankruptcy settlement - \$1,1067,070.

Applicable Tax Rate(s): Various

Distribution: “All Other Revenue” is deposited in the general fund.

Summary of Legislative Action:

House Bill 2 – The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on present law appropriations requested in the Executive Budget and finalized in HJ 2, final appropriations set by the legislature, such as those in HB 2, may differ and, thus, may affect revenue. Revenue changes due to differences in appropriations occur in the following funds: 1) shared coal tax account (DNRC, Agriculture, and State Library); 2) liquor enterprise fund (the Department of Justice portion); and 3) cigarette tax revenue account (DPHHS). These changes decrease general fund revenue \$623,065 in FY 2006 and \$611,577 in FY 2007. In addition, approving a 1.00 FTE forensic pathologist in the Department of Justice is expected to increase general fund revenue \$158,000 each fiscal year from charging counties for autopsy services.

House Bill 5 - The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on present law appropriations requested in the Executive Budget and finalized in HJ 2, final appropriations set by the legislature may differ. The legislature appropriated \$940,000 for the biennium from the cigarette tax revenue account (DPHHS), thus reducing the amount of the estimated fund balance over \$2.0 million that is transferred to the general fund at the end of each fiscal year by \$470,000. The legislation is effective on passage and approval.

House Bill 60 – Fees set to cover the costs training, testing and certification in relation to cleaning up methamphetamine labs are expected to increase general fund revenue \$7,500 each year. The legislation is effective October 1, 2005.

House Bill 102 – The legislation directs that the fund balance in the Highway Patrol Clearing account be transferred to the general fund on July 1, 2005. Money in the account that, under prior law, had been used to transfer to the Highway Patrol Retirement trust fund is estimated to be \$600,000. Beginning FY 2006, the legislation provides a general fund statutory appropriation for the same purpose. The legislation is effective July 1, 2005.

House Bill 223 – The legislation eliminates the authority for and provisions governing the foreign capital depository. HB 83 enacted by the 1997 legislature chartered foreign capital depositories in Montana. A fee of 1.5 percent of the total value of assets on deposit in a foreign capital depository was due twice a year on June 15 and December 15 with the revenue deposited in the general fund. No revenue from this fee had ever been received. HB 223 has no revenue impact because no revenue was estimated to be received in the 2007 biennium. HB 223 is effective October 1, 2005.

Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

House Bill 316 – Application and permit fees for regulated transportation carriers that had been deposited to the general fund are de-earmarked to the Public Service Commission’s state special revenue fund, resulting in a general fund loss of \$6,728 each year. The legislation is effective July 1, 2005.

House Bill 348 – The legislation requires a person who sells kegs of beer to a consumer to be licensed and to attach identifying information about the buyer to the keg. It also provides a maximum penalty of \$500 for failing to attach the information or for removing or defacing it. After the 50/50 split of fine revenue with the county, the general fund is expected to receive \$12,500 each year in additional fines. The legislation is effective October 1, 2005.

House Bill 370 – Prior to enactment of the legislation, filing fees were required for various permit applications under the Montana Strip and Underground Mine Reclamation Act and the revenue was deposited to the general fund. The legislation removes the fee requirements for a general fund revenue loss of \$200 in FY 2006 and \$300 in FY 2007. The legislation is effective on passage and approval.

House Bill 447 – Money to pay for salary and benefit increases for state employees is appropriated in the legislation. The amount of money appropriated from certain accounts inversely impacts the amount of general fund revenue from various sources. Although these revenue amounts are estimated prior to the session based on present law appropriations requested in the Executive Budget and finalized in HJ 2, final appropriations set by the legislature, such as those in HB 447, may differ and, thus, may affect revenue. Revenue changes due to differences in appropriations occur in the following funds: 1) shared coal tax account (DNRC, Agriculture, and State Library); 2) liquor enterprise fund (the Department of Justice portion); and 3) cigarette tax revenue account (DPHHS). These changes decrease general fund revenue \$84,158 in FY 2006 and \$232,015 in FY 2007.

House Bill 453 – The legislation provides for administrative enforcement of certain laws pertaining to solid waste, underground storage tanks, junk vehicles, and subdivisions. Administrative penalties are expected to increase general fund revenues by \$600 in FY 2006 and \$1,200 in FY 2007 and increase state special revenue by \$1,000 in FY 2006 and \$2,000 in FY 2007. The legislation is effective on passage and approval.

House Bill 514 – The restitution for illegally taking a grizzly bear was increased from \$2,000 to \$8,000. Restitution payments up to a total of \$60,000 are expected to be deposited to the Department of Fish, Wildlife and Parks’ state special revenue fund. Any amounts over \$60,000 are deposited to the general fund. Additional restitution payments are expected to increase general fund revenue an average of \$4,278 each year. The legislation is effective on passage and approval.

House Bill 528 – The legislation requires the Yellowstone Airport to pay the annual \$400 liquor license fee. This fee will be deposited to the liquor enterprise fund and, at the end of the fiscal year, transferred to the general fund. The legislation is effective on passage and approval.

House Bill 536 – Under previous law, the \$10 user surcharge for court automation, which had been deposited in the state special revenue fund, was to terminate June 30, 2005. The legislation extends the termination date to June 30, 2009 and provides for deposit of the revenue to the general fund for an increase of \$1,605,336 each year. The legislation is effective June 28, 2005.

House Bill 643 - In addition to changes in “all other” revenue, the legislation also impacts cigarette revenue. The revenue effects and details of the latter are shown in the cigarette tax source section. It is expected that the legislation will cause a reduction in smoking and, thus, a reduction in cigarette tax revenue. Since a portion of the revenue is deposited to the veterans’ cigarette account administered by DPHHS, the account will receive less revenue. Because any amount over \$2.0 million in the account at fiscal year end is transferred to the general fund, less revenue in the account reduces the transfer amount. It is expected that general fund revenue will be reduced \$22,908 in FY 2006 and \$44,198 in FY 2007. The legislation is effective October 1, 2005.

House Bill 667 – Among other provisions, individual income tax credits are provided for businesses and taxpayers that pay a portion of employee’s health insurance premiums. The revenue effects and details of the tax credit are shown in the individual income tax source section. The amounts of the tax credits are reimbursed to the general fund through appropriations to the State Auditor’s Office from the Medicaid initiative state special revenue account. The amount of the appropriations and, thus, the amounts of the revenue reimbursed to the general fund are \$1,200,000 in FY 2006 and \$3,976,330 in FY 2007. The legislation is effective July 1, 2005 and applies to tax years beginning after December 31, 2005.

House Bill 761 – An account is established from which reimbursements of life insurance premiums are paid to members of the Montana

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Revenue Estimate Profile

All Other Revenue

National Guard. HB 761 transfers \$660,000 of general fund to the account from FY 2005-2007. Any unexpended or unencumbered balance remaining in the account at the end of a fiscal year reverts to the general fund. No reversions are anticipated. The legislation is effective on passage and approval and applies to premiums paid after the legislation is effective.

Senate Bill 67 – The legislation increases the fees for a marriage license and filing a declaration of marriage without solemnization from \$30 to \$40 with revenue from the increase deposited in the county district court fund or to the county general fund. In addition, the legislation eliminates the \$0.25 fee for recording a marriage license, the revenue from which had been deposited in the state general fund, for a loss of \$1,798 each year. The legislation is effective July 1, 2005.

Senate Bill 84 – The expiration of a gambling license or permit no longer prevents the Department of Justice from pursuing a violation. It is expected that additional penalties of \$5,000 each year will be deposited to the general fund. The legislation is effective July 1, 2005.

Senate Bill 208 – The charge imposed by courts of original jurisdictions on certain convictions for a misdemeanor or felony increases from \$25 to \$50. Revenue from the charge is used at the local level to pay expenses of a victim and witness advocate program. If the county, city, or town does not have a victim and witness advocate program, \$49 from the charge is deposited in the state general fund for an increase of \$34,178 each year. The legislation is effective October 1, 2005.

Senate Bill 276 – Under previous law, net proceeds of miscellaneous mines, including bentonite mines, were subject to property taxation. Net proceeds for a mine were calculated by subtracting statutorily defined production costs from the gross value of the product of the mine. The taxable value was defined as 100% of the net proceeds. The tax was calculated by multiplying the consolidated mill

Senate Bill 276 Bentonite Production Tax Schedule

Production Per Mine	Increment	Tax Per Ton
First 20,000 Wet Tons	20,000	\$0.00
20,001 to 100,000 Tons	80,000	\$1.56
100,001 to 250,000 Tons	150,000	\$1.50
250,001 to 500,000 Tons	250,000	\$1.40
500,001 to 1,000,000 Tons	500,000	\$1.25
Excess of 1,000,000 Tons	Unlimited	\$1.00

levy of all taxing jurisdictions in which the mine is located by the taxable value. The consolidated mill levy included all local mills and the statewide 101 education mills. The royalties that were paid to state and federal government entities and to Indian tribes were exempt from property taxation. All other royalties were taxed on the same basis as the net proceeds of the mines. The taxable value was defined as 100% of the taxable royalties. The tax was calculated by multiplying the consolidated mill levy by the taxable value. This tax was assessed to the royalty owners. SB 276 replaces the net proceeds tax on bentonite with a production tax. Bentonite production is taxed on the wet ton. A wet ton of bentonite is a ton of bentonite measured before crushing and drying. The new tax rates are described in the chart below.

- For mines that first begin producing bentonite after December 31, 2004:
 - 1.3% is distributed to the state special revenue fund to replace the state university 6 mills;
 - 20.75% is distributed to the state general fund to replace the county equalization 95 mills; and
 - 77.95% is distributed to the producing county to be distributed in proportion to current fiscal year mill levies, excepting the 101 statewide education mills.
- For mines that produced bentonite before January 1, 2005 and on production occurring in CY 2005:
 - 2.33% is distributed to the state special revenue fund to replace the state university 6 mills;
 - 18.14% is distributed to the state general fund to replace the county equalization 95 mills;
 - 3.35% is distributed to Carbon County to be distributed in proportion to mill levies in the taxing jurisdictions in which production occurs, excepting the 101 statewide education mills; and
 - 76.18% is distributed to Carter County to be distributed in proportion to current fiscal year mill levies in the taxing jurisdictions in which production occurs, excepting the 101 statewide education mills.
- For mines that produced bentonite before January 1, 2005 and on production occurring in CY 2006:
 - 90% of the tax is distributed as described in 2 above; and
 - 10% of the tax is distributed as described in 1 above.
- Beyond production in CY 2006, the distribution is a sliding scale mixture of that provided in sections 1 and 2 above.

SB 276 Revenue Impacts

Revenue Type	Fiscal 2006	Fiscal 2007
General Fund 40 Mills	(\$202,299)	(\$202,299)
General Fund 55 Mills	(278,162)	(278,162)
General Fund All Other	<u>235,927</u>	<u>239,322</u>
General Fund Total	(\$244,534)	(\$241,139)
State Special 6 Mills	(30,345)	(30,345)
SSR to 6 Mill Account	30,304	28,964
SSR to Counties	<u>1,034,360</u>	<u>1,032,305</u>
SSR Total	\$1,034,319	\$1,030,924

Under previous law, FY 2006 revenue would have been derived from taxes on CY 2004 production and FY 2007 revenue would have

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Revenue Estimate Profile

All Other Revenue

been derived from taxes on CY 2005 production. Under SB 276, FY 2006 revenue is derived from taxes on CY 2005 production and FY 2007 revenue is derived from taxes on CY 2006 production. Taxable royalties are taxed at a rate of 15%. The tax is distributed in the same manner as the tax on production. The impact of SB 276 on state revenues is shown in the table below.

All Other Revenue -- Legislation Passed by 59th Legislature Estimated General Fund Impact for the 2007 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
HB0002 General appropriations act		(464,565)	(453,077)
HB0005 Long-range building appropriations		(470,000)	(470,000)
HB0060 Indoor cleanup standards for methamphetamine labs		7,500	7,500
HB0102 Statutory appropriation for highway patrol officers' retirement		600,000	
HB0223 Repeal capital foreign depository act			
HB0316 Revise fees charged by public service commission		(6,728)	(6,728)
HB0348 Revise youth access to alcohol and provide for keg registration		12,500	12,500
HB0370 Revise strip and underground mine reclamation act		(200)	(300)
HB0447 Increase state employee pay		(84,158)	(232,015)
HB0453 Administrative penalties for certain environmental law violations		600	1,200
HB0514 Increase restitution for illegal taking of grizzly bear		4,278	4,278
HB0528 Year round beer and wine license for west Yellowstone airport		400	400
HB0536 Generally revise court automation surcharge		1,605,336	1,605,336
HB0643 Eliminate smoking in enclosed public places		(22,908)	(44,198)
HB0667 Purchasing pools, tax credit for health insurance		1,200,000	3,976,330
HB0761 Life insurance premium reimbursement for members of national guard/reserve			
SB0067 Increase fees for marriage license and declaration of marriage w/o solemnizati		(1,798)	(1,798)
SB0084 Generally revise gambling laws		5,000	5,000
SB0208 Increase conviction charge to fund victim services		34,178	34,178
SB0276 Revise taxes on bentonite		235,927	239,322
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$2,655,362</u>	<u>\$4,677,928</u>

Statutory Reference: Various

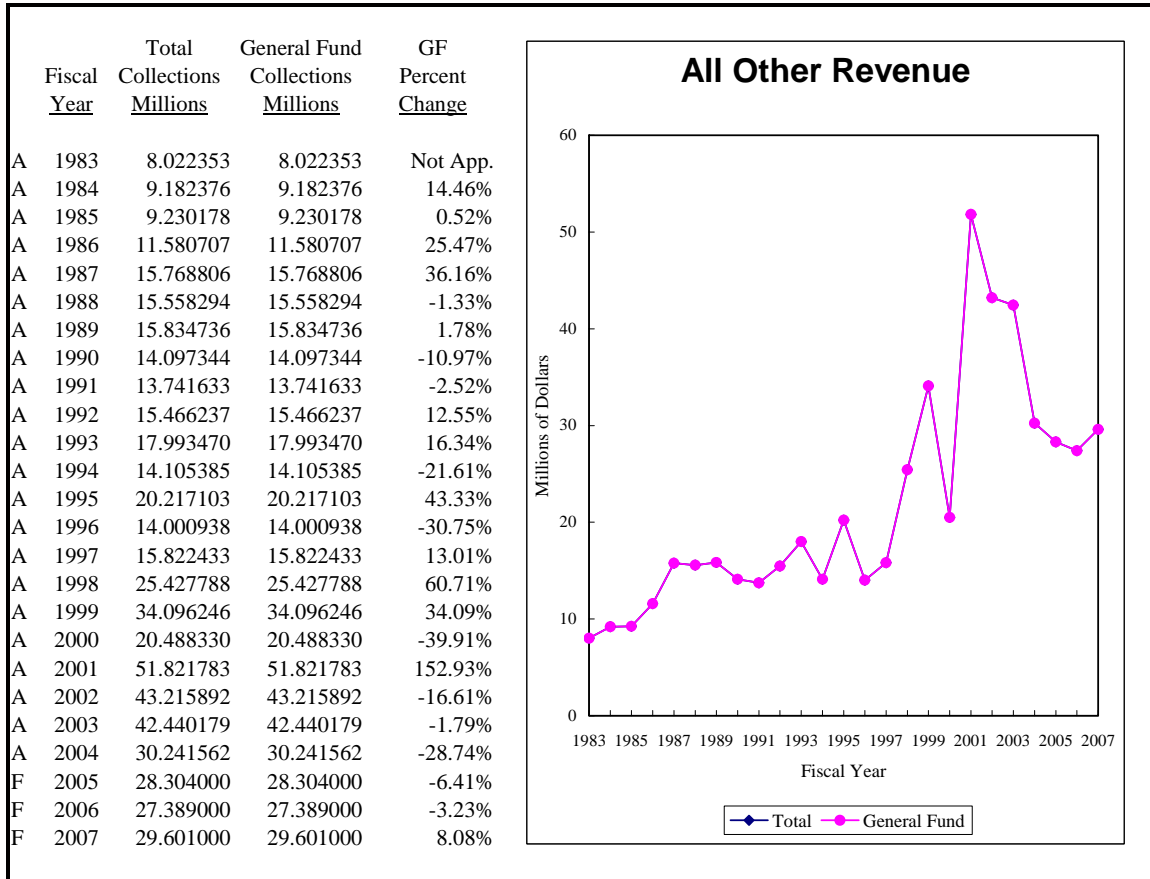
% of Total FY 2004 General Fund Revenue: 2.19%

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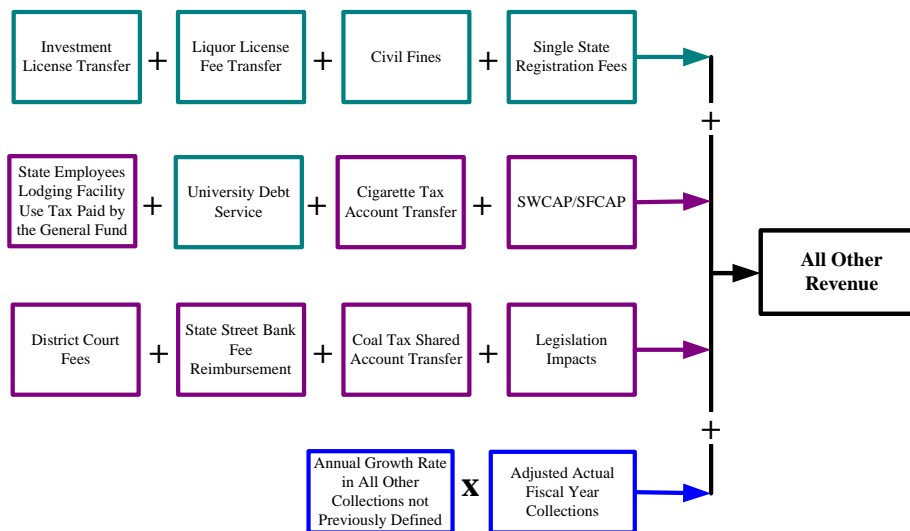
Revenue Estimate Profile

All Other Revenue

Revenue Projection:



Forecast Methodology

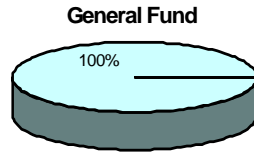


Legislative Fiscal Division

Revenue Estimate Profile

All Other Revenue

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Base	Annual	Adjustments	Vet. Account	One-Time
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth</u>	<u>Millions</u>	<u>Transfer</u>	<u>Transfer</u>
							<u>Millions</u>	<u>Millions</u>
Actual	2000	20.488330	20.488330	9.216695	-24.5934%			
Actual	2001	51.821783	51.821783	11.509661	24.8784%			
Actual	2002	43.215892	43.215892	8.025926	-30.2679%	1.162288		
Actual	2003	42.440179	42.440179	9.474137	18.0442%	21.282497		
Actual	2004	30.241562	30.241562	9.736364	2.7678%	8.189612	1.054958	
Forecast	2005	28.304000	28.304000	9.736364	0.0000%	0.000000	2.890547	4.367070
Forecast	2006	24.734000	24.734000	9.736364	0.0000%	0.000000	3.948177	0.000000
Forecast	2007	24.923000	24.923000	9.736364	0.0000%	0.000000	3.800633	0.000000

	t	Investment					MSU&EMC	SABHRS
	<u>Fiscal</u>	<u>Transfer</u>	<u>Land Grant</u>	<u>Civil Fines</u>	<u>GVW Fees</u>	<u>Accom. Tax</u>	<u>Debt</u>	<u>Debt</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	2.296258	0.086129	0.439498	1.275935	0.016878	0.495693	2.506520
Actual	2001	2.445000	0.091699	0.484739	1.252221	0.052215	0.837170	2.490067
Actual	2002	2.179165	0.000000	0.749382	1.044512	0.038912	0.839583	2.468857
Actual	2003	2.036200	0.000000	0.480945	1.071278	0.032547	0.838186	2.050913
Actual	2004	2.113000	0.000000	0.855870	1.067278	0.040021	0.837743	0.000000
Forecast	2005	2.044000	0.000000	0.571699	1.247000	0.041000	0.833016	0.000000
Forecast	2006	2.104000	0.000000	0.572054	1.280000	0.043000	0.831704	0.000000
Forecast	2007	2.183000	0.000000	0.571764	1.314000	0.046000	0.695734	0.000000

	t		Coal	SFCAP	Liquor License	District	Bank
	<u>Fiscal</u>	<u>FEMA</u>	<u>Transfer</u>	<u>SWCAP</u>	<u>Transfer</u>	<u>Court</u>	<u>Charges</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	0.000000	0.000000	2.486250	0.000000	0.000000	0.000000
Actual	2001	31.097802	0.611432	0.949777	0.000000	0.000000	0.000000
Actual	2002	23.246341	0.623227	1.023875	1.036184	0.000000	0.777640
Actual	2003	0.000000	0.000000	1.179279	0.558198	2.664891	0.771108
Actual	2004	0.000000	0.000000	2.214579	0.526827	2.839310	0.766000
Forecast	2005	0.000000	0.406344	1.836574	0.516730	3.025145	0.788000
Forecast	2006	0.000000	0.000000	1.836574	0.370141	3.223143	0.788000
Forecast	2007	0.000000	0.083925	1.836574	0.432019	3.434100	0.788000

GF Tax = Base + Vet. Account + One-time + Investment + Civil Fines + GVW Fees + Accom. Tax + MSU&EMC + Coal + SFCAP + Liquor + District + Bank

Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

Revenue Description: The Montana Highway Patrol issues citations for speeding, driving under the influence of alcohol or drugs, and other misdemeanors. The fines and forfeitures associated with these citations are collected by various state and local courts.

Applicable Tax Rate(s): Fines for citations are variable.

Distribution: All of Highway Patrol fines and forfeitures on all offenses that result from citations issued by the Highway Patrol, except those paid to a justices' court, received by the state are deposited in the general fund.

Summary of Legislative Action:

House Bill 99 – Fines increase from a maximum of \$500 to a maximum of \$2,000 for driving with a suspended or revoked license if the suspension or revocation was for: 1) driving under the influence; 2) driving with an excessive alcohol content; or 3) refusing to take a test for alcohol or drugs requested by a peace officer. The increased fines increase general fund revenue by \$712,000 in FY 2006 and \$949,000 in FY 2007. The legislation is effective October 1, 2005.

House Bill 374 – The fine increases from not less than \$300 or more than \$1,000 to not less than \$600 or more than \$2,000 for driving under the influence if one or more passengers under 16 years of age were in the vehicle at the time of the offense. Increased fines increase general fund revenue by \$73,069 in FY 2006 and \$97,425 in FY 2007. The legislation is effective October 1, 2005.

House Bill 377 – The fine for operating an out-of-state motor vehicle, semi trailer, or pole trailer without proper registration or license plates increases from not less than \$10 or more than \$50 to \$300. Increased fines increase general fund revenue by \$8,438 in FY 2006 and \$11,250 in FY 2007. The legislation is effective October 1, 2005.

Senate Bill 80 – The legislation enacts a new offense for knowingly possessing an open alcoholic beverage container in the passenger area of a motor vehicle on a highway. The fine for violating this statute cannot exceed \$100. The new fine is expected to increase general fund revenue by \$122,625 each year. The legislation is effective October 1, 2005.

Senate Bill 123 – The legislation changes the civil penalty for using dye special fuel to operate a motor vehicle upon the public roads and highways. Prior to the change, first time violators were subject to a fine not to exceed \$100, and subsequent violators faced a fine not less than \$100 or more than \$1,000. With revisions enacted in SB 123, the Department of Transportation is required, after giving notice and holding a hearing if requested, to impose a civil penalty not to exceed \$1,000 for the first violation or \$5,000 for the second offense. The changes are expected to increase general fund revenue \$500 each year. The legislation is effective October 1, 2005.

Highway Patrol Fines -- Legislation Passed by 59th Legislature Estimated General Fund Impact for the 2007 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
HB0099 Penalty for driving when license suspended or revoked for DUI or test refusal		712,000	949,000
HB0374 Increase drunk driving penalty when person under 16 was in vehicle		73,069	97,425
HB0377 Enforce license plate violations by nonresidents working in Montana		8,438	11,250
SB0080 Prohibit open alcohol containers in vehicles		122,625	122,625
SB0123 Revise contractor recordkeeping for special fuels		500	500
Total Estimated General Fund Impact	<u>\$0</u>	<u>\$916,632</u>	<u>\$1,180,800</u>

Statutory Reference:

Tax Rate (MCA)– general fines (61-3-601, 61-5-307, 61-7-118, 61-8-711, 61-9-511), multiple others

Tax Distribution (MCA) – 3-10-601 (fines collected in justice court are included in “All Other General Fund”), 61-10-148 (violations of vehicle size, weight & load), 61-12-701 (fines by Highway Patrol)

Date Due – upon conviction

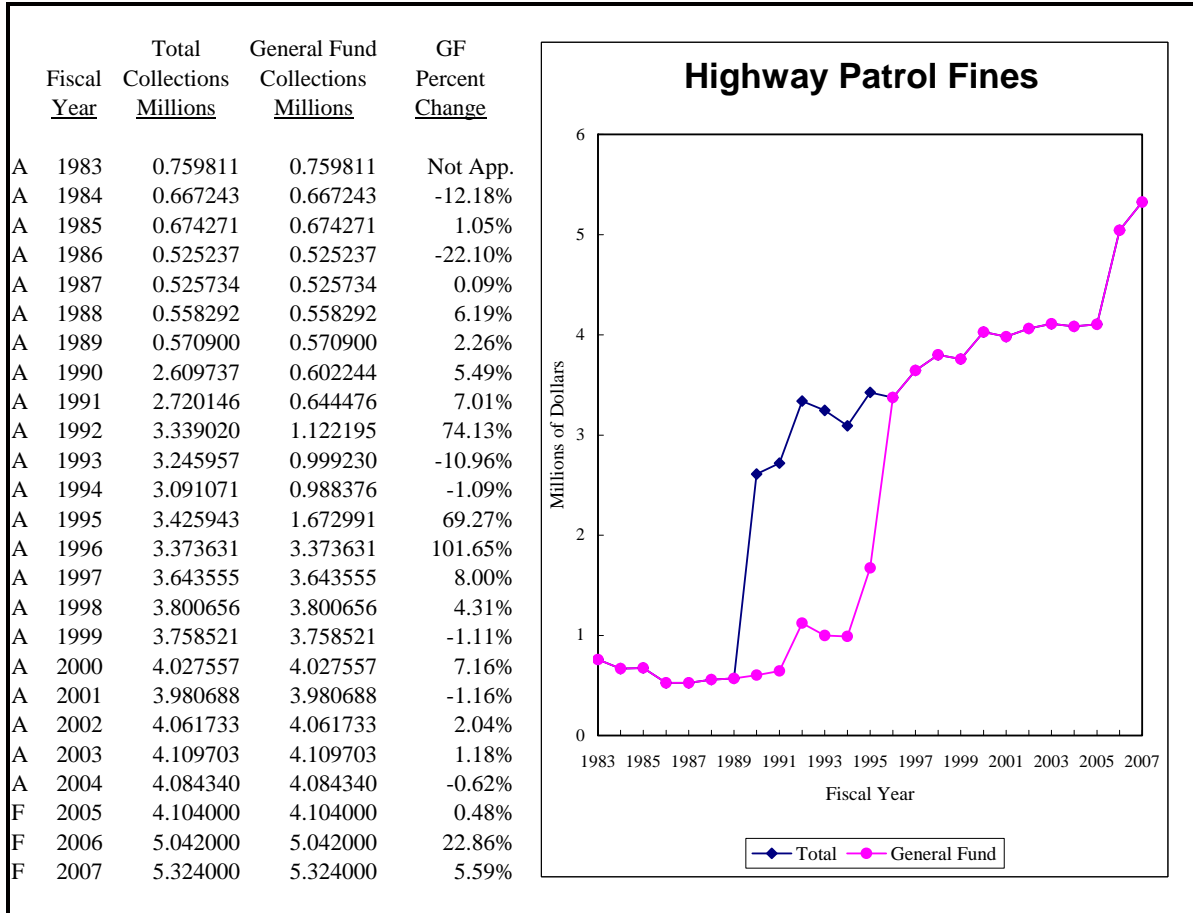
Legislative Fiscal Division

Revenue Estimate Profile

Highway Patrol Fines

% of Total FY 2004 General Fund Revenue: 0.30%

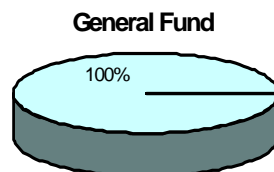
Revenue Projection:



Forecast Methodology



Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect

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Revenue Estimate Profile

Highway Patrol Fines

changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

	t	Total Tax	GF Tax	Fine
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Growth Rate</u>
Actual	2000	4.027557	4.027557	0.071580
Actual	2001	3.980688	3.980688	-0.011637
Actual	2002	4.061733	4.061733	0.020360
Actual	2003	4.109703	4.109703	0.011810
Actual	2004	4.084340	4.084340	-0.006171
Forecast	2005	4.104000	4.104000	0.004831
Forecast	2006	4.125000	4.125000	0.005030
Forecast	2007	4.143000	4.143000	0.004456

Legislative Fiscal Division

Revenue Estimate Profile Nursing Facilities Fee

Revenue Description: This source consists of two similar utilization fees on nursing homes: 1) nursing facility utilization fee; and 2) intermediate care facility utilization fee.

With the enactment of House Bill 749 by the 2005 legislature, qualified nursing facilities are required to pay a nursing facility utilization fee of \$7.05 in fiscal 2006 for each bed day in the facility and \$8.30 each year thereafter. Nursing facilities are health care facilities licensed by the Department of Public Health and Human Services and include those operated for profit or non-profit, freestanding or part of another health facility, and publicly or privately owned. Specifically included by statute is the Montana Mental Health Nursing Care Center. According to federal definitions, nursing facilities do not include adult foster homes, retirement homes, and other alternative living arrangements. Bed days are defined as a 24-hour period in which a resident of a nursing facility is present in the facility or in which a bed is held for a resident while on temporary leave.

An intermediate care facility utilization fee is imposed on resident bed days of intermediate care facilities for the mentally retarded. The only qualifying facility is the Montana Developmental Center. With the enactment of Senate Bill 82 by the 2005 legislature, the fee is six percent of a facility's quarterly revenue divided by the quarterly bed days.

Applicable Tax Rate(s): 1) Nursing facility utilization fee – Fiscal 2006 - \$7.05 per bed day, Fiscal 2007 - \$8.30 per bed day; 2) Intermediate care facility utilization fee - 6 percent of a facility's quarterly revenue divided by the quarterly bed days

Distribution: Nursing facility utilization fee: 1) for fees paid by the Montana Mental Health Nursing Care Center – 30 percent to the general fund and 70 percent to the prevention and stabilization account (for use by the Department of Public Health and Human Services to provide health and human services); 2) for all other facilities - \$2.80/bed day to the general fund, \$4.25/bed day in fiscal 2006 and \$5.50 in fiscal 2007 to the nursing facility fee account (for use by the Department of Public Health and Human Services to increase the average price paid for Medicaid nursing home services). Intermediate care facility utilization fee: for fees paid by the Montana Developmental Center - 30 percent to the general fund and 70 percent to the prevention and stabilization account.

Summary of Legislative Action:

House Bill 749 – In addition to increasing the nursing facility tax revenue \$9.6 million in the 2007 biennium, the revision of the nursing facilities bed tax also increases public institution reimbursement collections. The revenue effects and details of the latter are shown in the public institution reimbursement source section. This legislation increases the nursing facility bed tax by \$1.75 in FY 2006 to \$7.05 per day, and by \$3.05 in FY 2007 to \$8.30 per day. Along with increases to general fund revenue, revenue deposited to the state special revenue stabilization account increases \$31,298 in FY 2006 and \$53,655 in FY 2007. The total increase in state special revenue is estimated to be \$3,531,298 in FY 2006 and \$6,053,655 in FY 2007. General fund revenue increases \$13,414 in FY 2006 and \$22,995 in FY 2007. The legislation is effective July 1, 2005.

Senate Bill 82 – In addition to increasing the nursing facility tax revenue \$73,866 in FY 2005 and \$295,524 in the 2007 biennium, the revision to the definition of and rate for intermediate care facilities also increases public institution reimbursement collections. The revenue effects and details of the latter are shown in the public institution reimbursement source section. This legislation expands the definition of an intermediate care facility to include facilities for the mentally retarded and increases the bed tax rate for those facilities from five percent to six percent. Because SB 82 includes retroactive applicability, the changes affect FY 2005 revenue. Along with increases to general fund revenue, revenue deposited in the state special revenue stabilization account increases \$51,720 in FY 2005 and \$103,440 in both fiscal 2006 and 2007. General fund revenue increases \$22,166 in FY 2005 and \$44,331 in both fiscal 2006 and 2007. The legislation is effective on passage and approval.

Nursing Facilities Fee -- Legislation Passed by 59th Legislature Estimated General Fund Impact for the 2007 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
HB0749 Revise nursing home bed tax		13,414	22,995
SB0082 Revise definition of and utilization fee on ICF/DD	22,166	44,331	44,331
Total Estimated General Fund Impact	<u>\$22,166</u>	<u>\$57,745</u>	<u>\$67,326</u>

Legislative Fiscal Division

Revenue Estimate Profile

Nursing Facilities Fee

Statutory Reference:

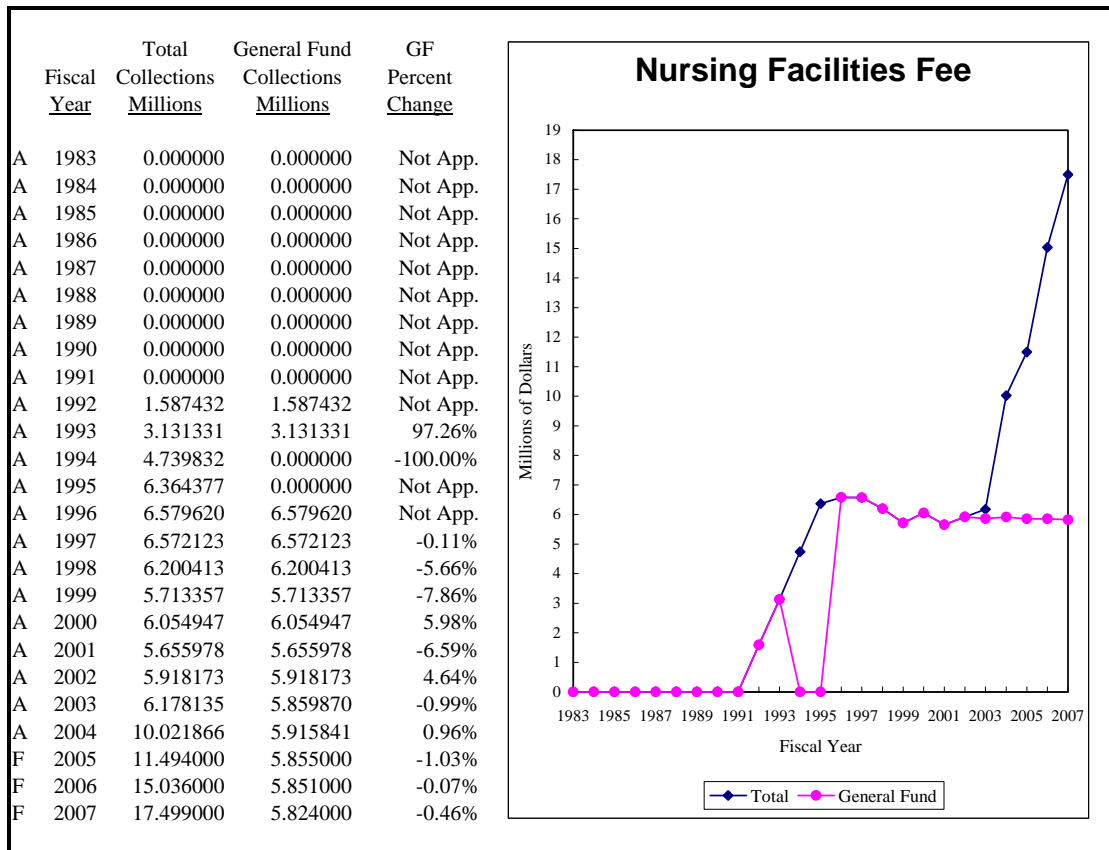
Tax Rate (MCA) – Nursing facility utilization fee (15-60-102), intermediate care facility utilization fee (15-67-102(2))

Tax Distribution (MCA) - Nursing facility utilization fee (15-60-102 & 15-60-210), intermediate care facility utilization fee (15-67-102(3))

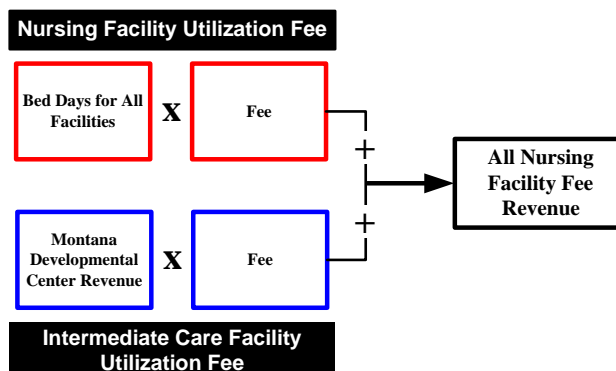
Date Due - Nursing facility utilization fee due the last day of the month following the close of the calendar quarter (15-60-201), intermediate care facility utilization fee due the month following the close of the calendar quarter (15-67-201(1))

% of Total FY 2004 General Fund Revenue: 0.43%

Revenue Projection:



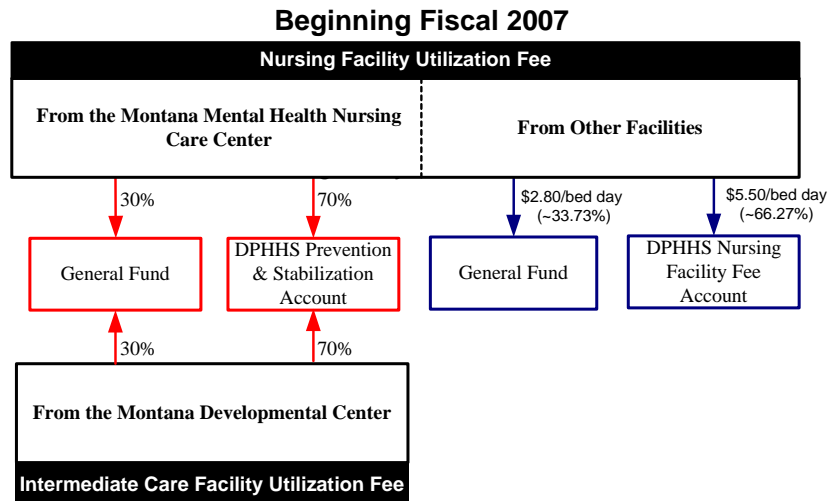
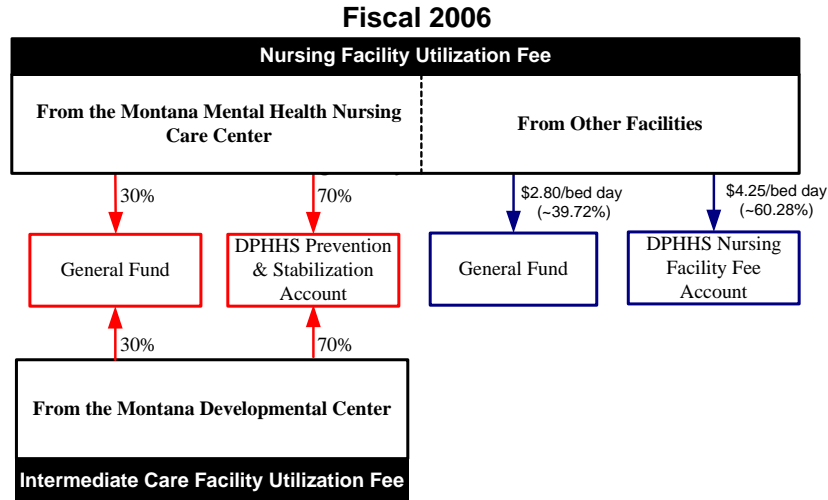
Forecast Methodology



Legislative Fiscal Division

Revenue Estimate Profile Nursing Facilities Fee

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

	<u>t</u> <u>Fiscal</u>	<u>Total Tax</u> <u>Millions</u>	<u>GF Tax</u> <u>Millions</u>	<u>Facilities</u> <u>Fee</u>	<u>Bed</u> <u>Days</u>	<u>Int. Care</u> <u>Rate</u>	<u>Int. Care</u> <u>Revenue</u>
Actual	2000	6.054947	6.054947	2.800000	2.113805		
Actual	2001	5.655978	5.655978	2.800000	2.083501		
Actual	2002	5.918173	5.918173	2.800000	2.072696		
Actual	2003	6.178135	5.859870	2.800000	2.047881	5.0000%	9.093277
Actual	2004	10.021866	5.915841	4.500000	2.043377	5.0000%	17.262568
Forecast	2005	11.420000	5.833000	5.300000	2.015377	5.0000%	14.777145
Forecast	2006	11.344000	5.793000	5.300000	2.001048	5.0000%	14.777145
Forecast	2007	11.275000	5.757000	5.300000	1.988086	5.0000%	14.777145

$$\text{GF Tax} = (\text{Facilities} * \text{Bed}) + (\text{Int. Care Revenue} * \text{Rate})$$

Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Revenue Description: The Department of Public Health and Human Services receives reimbursement for the cost of sheltering and treating residents at the Montana Developmental Center (MDC), the Montana Mental Health Nursing Care Center, Montana State Hospital (MSH), Eastern Montana Veterans' Home, Montana Chemical Dependency Treatment Center, and the Montana Veterans' Home. There are four sources of reimbursement income: 1) state and federally matched Medicaid monies; 2) insurance proceeds from companies with whom the resident is insured; 3) payments by residents or persons legally responsible for them; and 4) federal Medicare funds. Most of the reimbursements come from federal Medicaid payments.

Three variables determine the level of Medicaid nursing home payments: 1) the number of patient days eligible for Medicaid reimbursement; 2) the reimbursement rate per patient day; and 3) the private resources of Medicaid patients.

Applicable Tax Rate(s): N/A

Distribution: Revenue collected from the above sources are deposited in the general fund with the following exceptions:

1. Reimbursements from MDC and MSH are first used to pay debt service on bonds issued to fund construction at these facilities. The remainder is deposited into the general fund.
2. Reimbursements received for the Veterans' Home and Montana Chemical Dependency Treatment Center are deposited into a state special revenue account and appropriated to the institutions.

Summary of Legislative Action:

House Bill 749 – In addition to increasing the public institution reimbursement collections by \$52,508 in the 2007 biennium, revisions also increase the nursing facility tax revenues. The revenue effects and details of the latter are shown in the nursing facility tax source section. This legislation increases the nursing facility bed tax by \$1.75 in FY 2006 to \$7.05 per day, and by \$3.05 in FY 2007 to \$8.30 per day. The federal government reimburses the state for Medicaid eligible costs, associated with nursing facility care, at the annual Federal Medical Assistance Participation (FMAP) rate. As a result, general fund reimbursements increase \$19,286 in FY 2006 and \$32,772 in FY 2007. The legislation is effective July 1, 2005.

Senate Bill 82 – In addition to increasing public institution reimbursement collections by \$50,103 in FY 2005 and \$195,884 in the 2007 biennium, the revisions to the definition of and rate for intermediate care facilities also increase nursing facility tax revenue. The revenue effects and details of the latter are shown in the nursing facility tax source section. This legislation expands the definition of an intermediate care facility to include facilities for the mentally retarded and increases the bed tax rate for those facilities from five percent to six percent. Because SB 82 includes retroactive applicability, the changes affect revenues in FY 2005. As a result, general fund revenues increase \$50,103 in FY 2005, \$98,456 in FY 2006 and \$97,428 FY 2007. The legislation is effective on passage and approval.

Senate Bill 121 – This legislation allows the Department of Public Health and Human Services to bill forensic placement patients for the cost of their care, increasing general fund revenues by \$128,261 in the 2007 biennium. Under the previous law, residents to the Montana State Hospital who were under any provision of a criminal statute or were enrolled in the Montana chemical dependency center, or those who were financially responsible for the residents were provided limited liability for the costs of care. The legislation removes these limitations. As a result, general fund revenue increases \$109,397 in FY 2006 and \$18,864 in FY 2007. The legislation is effective July 1, 2005.

Public Institution Reimbursements -- Legislation Passed by 59th Legislature Estimated General Fund Impact for the 2007 Biennium			
<u>Bill Number and Short Title</u>	<u>Fiscal 2005</u>	<u>Fiscal 2006</u>	<u>Fiscal 2007</u>
HB0749 Revise nursing home bed tax		19,286	32,772
SB0082 Revise definition of and utilization fee on ICF/DD	50,103	98,456	97,428
SB0121 Revise laws governing state hospital charges for criminally convicted		109,397	18,864
Total Estimated General Fund Impact	<u>\$50,103</u>	<u>\$227,139</u>	<u>\$149,064</u>

Legislative Fiscal Division

Revenue Estimate Profile

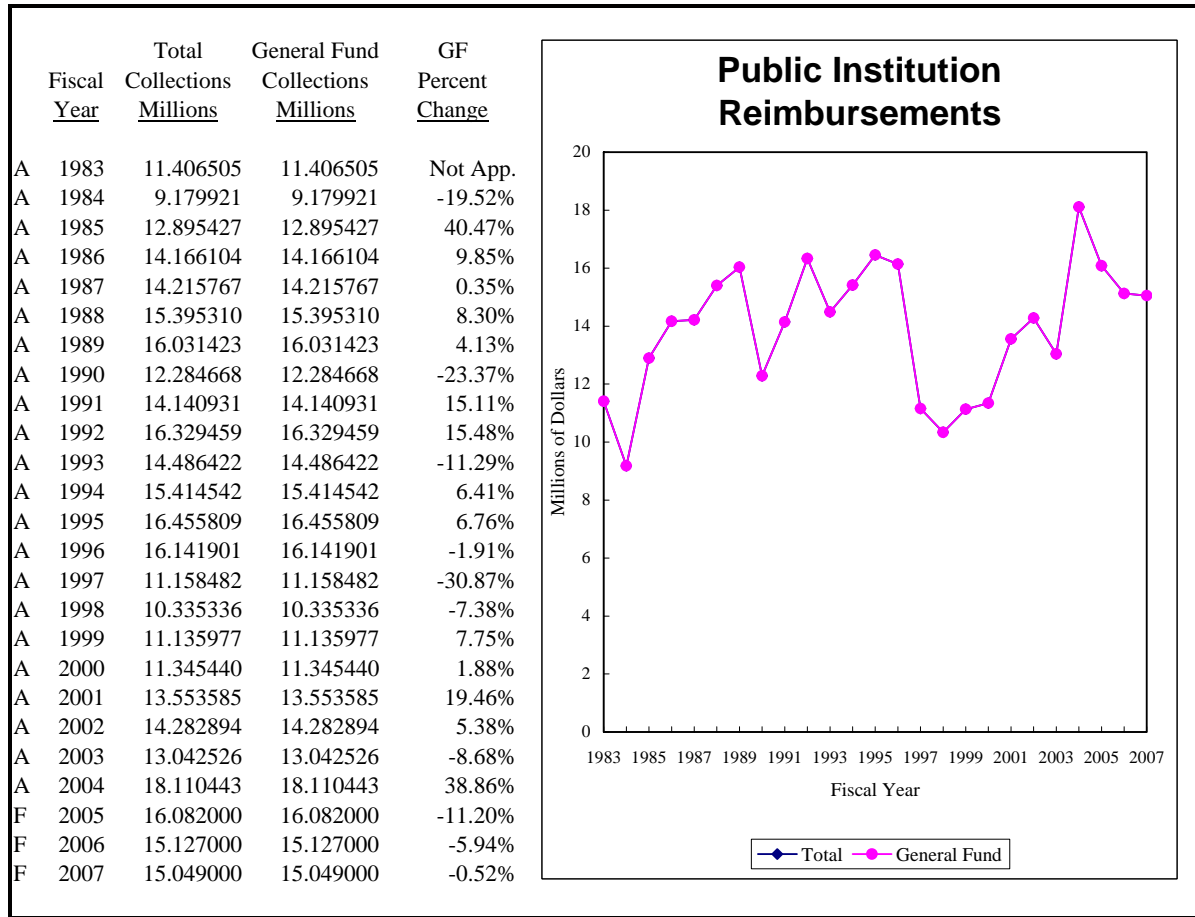
Public Institution Reimbursements

Statutory Reference:

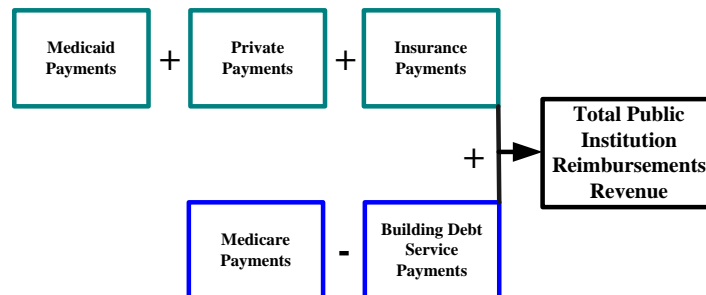
Tax Rate (MCA) – 53-1-402 (requirement to pay)
 Tax Distribution (MCA) – 53-1-413
 Date Due – monthly (53-1-405(3))

% of Total FY 2004 General Fund Revenue: 1.31%

Revenue Projection:



Forecast Methodology

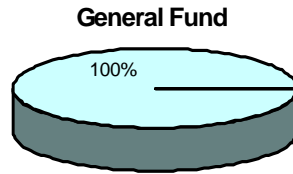


Legislative Fiscal Division

Revenue Estimate Profile

Public Institution Reimbursements

Distribution Methodology



Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

	<u>t</u>	<u>Total Rev.</u>	<u>GF Rev.</u>	<u>Private</u>	<u>Insurance</u>	<u>Medicaid</u>	<u>Medicare</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	11.345440	11.345440	0.512403	0.000257	12.490967	0.003044
Actual	2001	13.553585	13.553585	0.649965	0.000498	12.887899	0.015223
Actual	2002	14.282894	14.282894	1.483431	0.317047	10.994744	1.487671
Actual	2003	13.042526	13.042526	1.564208	0.451974	9.900342	1.126001
Actual	2004	18.110443	18.110443	1.424453	0.311203	14.336601	2.038187
Forecast	2005	16.032000	16.032000	2.679880	0.412385	14.159464	1.703181
Forecast	2006	14.900000	14.900000	2.671790	0.420305	12.999022	1.735736
Forecast	2007	14.900000	14.900000	2.700531	0.428635	12.929260	1.770020

	<u>t</u>	<u>MDC Debt</u>	<u>MSH Debt</u>	<u>Adjustments</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	-0.965496	0.000000	
Actual	2001	-1.079220	-1.909252	0.000000
Actual	2002	-1.075405	-1.911032	0.000000
Actual	2003	-1.045873	-1.776461	-1.572893
Actual	2004	-0.868888	-1.752261	-3.180119
Forecast	2005	-1.013210	-1.909403	0.000000
Forecast	2006	-1.016710	-1.909403	0.000000
Forecast	2007	-1.014610	-1.913178	0.000000

$$\text{GF Rev.} = \text{Private} + \text{Insurance} + \text{Medicaid} + \text{Medicare} - \text{MDC Debt} - \text{MSH Debt}$$

Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Description: Montana receives revenue as a settling party to a Master Settlement Agreement (MSA) with four original tobacco companies and 43 subsequent companies to end a four-year legal battle with 46 states, Puerto Rico, American Samoa, the U.S. Virgin Islands, the North Mariana Island, Guam and the District of Columbia (52 total settling entities).

Montana is eligible for four types of payments: 1) reimbursement for legal costs (received December 1999); 2) five initial payments (Two were received in fiscal 2000. One each year is expected in fiscal 2001, 2002, and 2003); 3) on-going, perpetual annual payments; and 4) strategic contribution payments (from fiscal 2008 through 2017). The MSA places no restrictions on how the settling parties spend the money.

The total amount of tobacco settlement funds available to Montana is affected by a number of adjustments. These may include inflation, sales volume changes, non-participating manufacturers (NPM) adjustment for the loss of market shares, operating income of the original four tobacco companies, number and operating income of subsequent participating manufactures, number of states reaching state specific finality, settlements reached by the four states not party to the agreement (Florida, Texas, Minnesota, and Mississippi), litigation offsets, disputed payments, and federal tobacco legislation offsets among others.

The adjustment for NPM is applied for the first time beginning fiscal 2006. Amounts paid by manufacturers who participate in the MSA may decrease if they have lost market shares and it is proven that a significant portion of the loss (to companies not participating in the MSA) is due to the disadvantages caused by the MSA. An economics firm must determine if this is the case. Although this has not yet been determined, it is expected that participating manufactures will withhold a portion of their payments in disputed escrow accounts until the matter is resolved, thus reducing payments to the settling entities.

Applicable Tax Rate(s): NA

Distribution: Due to passage of Constitutional Amendment 35 by the electorate in November 2000, the legislature is required to dedicate no less than 40 percent of tobacco settlement money to a permanent trust fund. Since the legislature has not yet determined the exact percentage to be deposited to the trust fund, the revenue estimate assumes 40 percent. For fiscal 2003, the remaining 60 percent of the money is deposited to the general fund. Due to passage of Initiative 146 by the electorate in November 2002, beginning fiscal 2004, 32 percent of the tobacco settlement money funds tobacco prevention programs and (due to the enactment of SB 485 by the 2003 legislature) human services programs, and 17 percent of the funds is used for the Children's Health Insurance Program and (due to the enactment of SB 485 by the 2003 legislature) match for federal Medicaid funds. The remaining 11 percent of the money is deposited to the general fund. The effects of SB 485 terminate at the end of fiscal 2005.

Summary of Legislative Action: The 59th Legislature did not enact legislation that impacted this general fund revenue source.

Statutory Reference:

Tax Rate – NA

Tax Distribution (MCA) – Montana Constitution, Article X11, Section 4; 17-6-606; 53-4-1011

Date Due – annual payments from settling entities due April 15th (Master Settlement Agreement, Chapter IX(c)), General Tobacco annual payments through calendar 2016 due August 30th (General Tobacco Adherence Agreement)

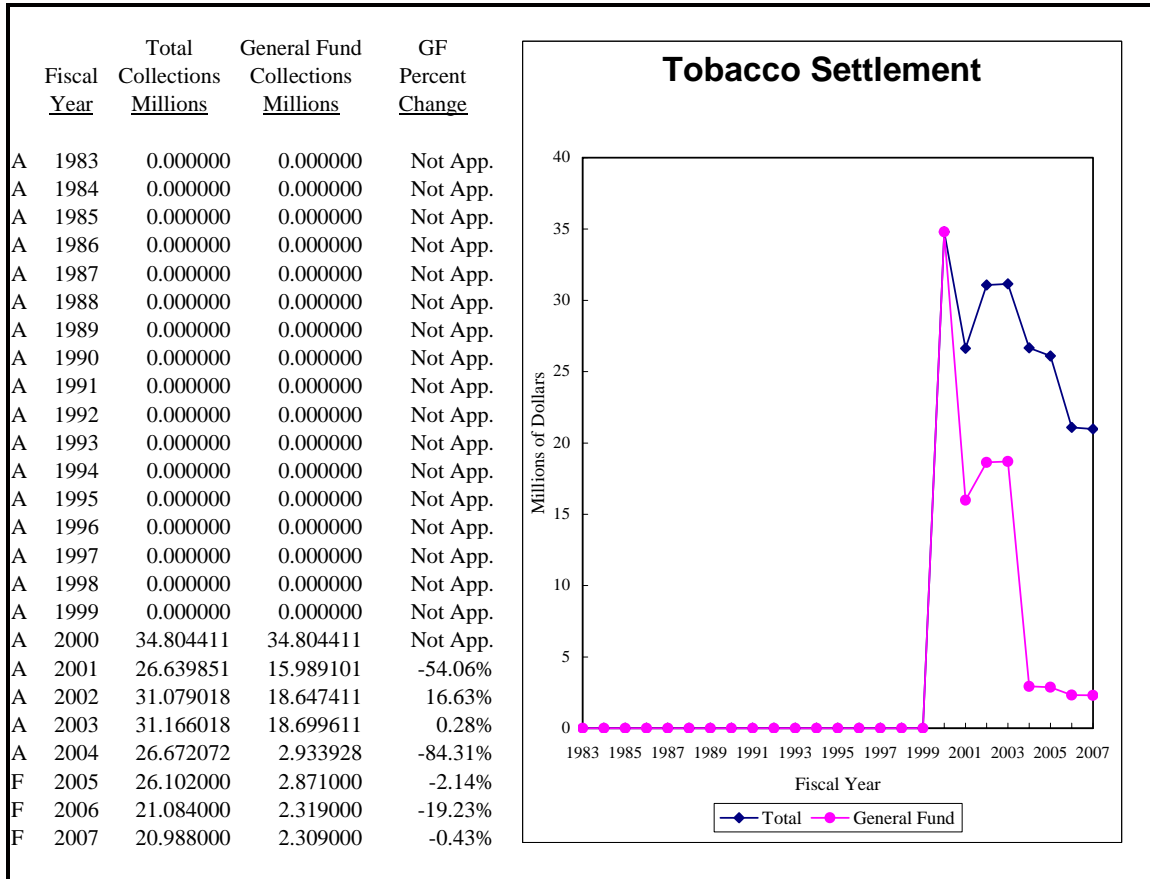
% of Total FY 2004 General Fund Revenue: 0.21%

Legislative Fiscal Division

Revenue Estimate Profile

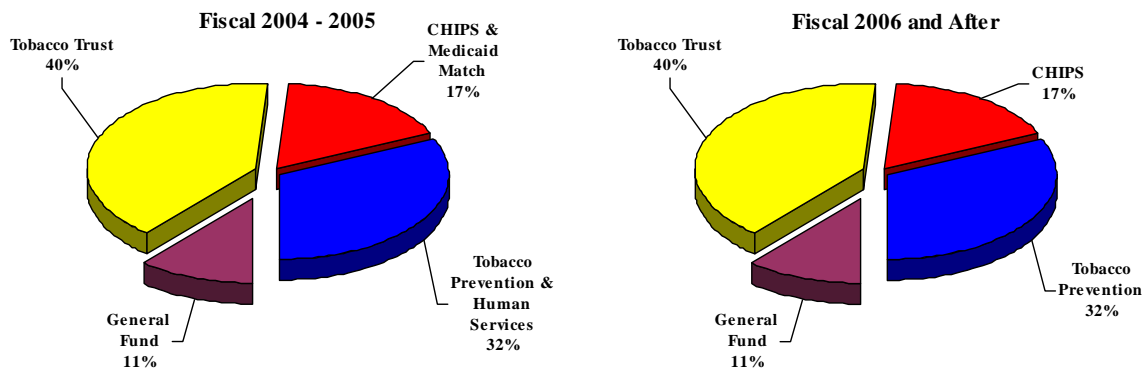
Tobacco Settlement

Revenue Projection:



Forecast Methodology

Distribution Methodology



Legislative Fiscal Division

Revenue Estimate Profile

Tobacco Settlement

Revenue Estimate Assumptions

This section contains the assumptions used to generate the revenue estimates contained in House Joint Resolution 2. It does not reflect changes, if any, enacted by the 2005 legislature that may affect future estimates of this revenue source.

	<u>t</u>	<u>Total Tax</u>	<u>GF Tax</u>	<u>Initial</u>	<u>Annual</u>	<u>Montana's</u>	<u>PSS</u>
	<u>Fiscal</u>	<u>Millions</u>	<u>Millions</u>	<u>Payment</u>	<u>Payment</u>	<u>Share</u>	<u>Reduction</u>
				<u>Millions</u>	<u>Millions</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	34.804411	34.804411	4872.000000	4500.000000	0.004247591	-0.124500000
Actual	2001	26.639851	15.989101	2546.160000	5000.000000	0.004247591	-0.124500000
Actual	2002	31.079018	18.647411	2622.544800	6500.000000	0.004247591	-0.124500000
Actual	2003	31.166018	18.699611	2701.221144	6500.000000	0.004247591	-0.124500000
Actual	2004	26.672072	2.933928	0.000000	8000.000000	0.004247591	-0.124500000
Forecast	2005	26.102000	2.871000	0.000000	8000.000000	0.004247591	-0.124500000
Forecast	2006	21.084000	2.319000	0.000000	8000.000000	0.004247591	-0.124500000
Forecast	2007	20.988000	2.309000	0.000000	8000.000000	0.004247591	-0.124500000

	<u>t</u>	<u>Annual</u>	<u>Cummulative</u>	<u>Adjustment</u>	<u>Adjusted</u>	<u>Annual</u>	<u>Cummulative</u>
	<u>Fiscal</u>	<u>Vol. Change</u>	<u>Vol. Change</u>	<u>Factor</u>	<u>Vol. Change</u>	<u>CPI Change</u>	<u>CPI Change</u>
		<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>	<u>Percent</u>
Actual	2000	-0.140094943	-0.140094943	0.980000000	-0.137293044	0.030000000	0.030000000
Actual	2001	-0.015542065	-0.153459643	0.980000000	-0.150390450	0.033868093	0.064884100
Actual	2002	-0.045780332	-0.192214542	0.980000000	-0.188370251	0.030000000	0.096830600
Actual	2003	-0.049400356	-0.232119431	0.980000000	-0.227477042	0.030000000	0.129735500
Actual	2004	-0.056361859	-0.275398607	0.980000000	-0.269890635	0.030000000	0.163627600
Forecast	2005	-0.056361859	-0.316238489	0.980000000	-0.309913719	0.030000000	0.198536400
Forecast	2006	-0.056361859	-0.354776559	0.980000000	-0.347681028	0.030000000	0.234492500
Forecast	2007	-0.056361859	-0.391142552	0.980000000	-0.383319701	0.030000000	0.271527300

	<u>t</u>	<u>Op. Income</u>	<u>SPM</u>	<u>General</u>	<u>NPM</u>
	<u>Fiscal</u>	<u>Adjustment</u>	<u>Payment</u>	<u>Tobacco</u>	<u>Adjustment</u>
		<u>Millions</u>	<u>Millions</u>	<u>Millions</u>	<u>Millions</u>
Actual	2000	40.787986	46.446683		
Actual	2001	64.221594	78.134224		
Actual	2002	0.000000	144.417783		
Actual	2003	0.000000	240.733198		
Actual	2004	0.000000	293.806967		
Forecast	2005	0.000000	352.138345	0.000000	0.000000
Forecast	2006	0.000000	434.712146	0.072141	-4.791702
Forecast	2007	0.000000	552.748361	0.080386	-4.767922

Total Tax = [Annual * (1 + Value Change) * (1 + Cumulative CPI) * (1 + PSS) + Op. Income + SPM] * Montana's + General